

**STATE OF CALIFORNIA**  
**BUSINESS, TRANSPORTATION AND HOUSING AGENCY**  
**DEPARTMENT OF CORPORATIONS**

**TO: Structured Investments Co., LLC**  
**Steven P. Covey**  
**Ronald P. Steinberg**  
**Andre D. Fite**

5731 McFadden Ave., Unit B  
Huntington Beach, CA 92649

**DESIST AND REFRAIN ORDER**  
**(For violations of section 25401 of the Corporations Code)**

The California Corporations Commissioner finds that:

1. Structured Investments Co., LLC ("SICo") is, and was at all relevant times herein, a California limited liability company, located at 5731 McFadden Ave., Unit B, Huntington Beach, CA 92649.
2. SICo doing business as Retired Military Financial Services, LLC and SICo doing business as U.S. Pension Funding, LLC (collectively, "Pension Funding") are, and were at all relevant times herein, located at 5731 McFadden Ave., Unit B, Huntington Beach, CA 92649.
3. Steven P. Covey ("Covey") is, and was at all relevant times herein, a Managing Member of SICo.
4. Ronald P. Steinberg ("Steinberg") is, and was at all relevant times herein, a Managing Member of SICo.
5. Covey and Steinberg formed SICo, in 1996.
6. At all relevant times herein, Andre D. Fite ("Fite") was a representative of SICo.
7. Commencing on exact dates unknown to the Commissioner, but in or about 1997, and continuing through the present, SICo, Covey, and Steinberg offered and sold securities in the form of membership interests in limited liability companies.
8. Commencing on exact dates unknown to the Commissioner, but in or about 2009, Fite offered securities in the form of membership interests in limited liability companies.

1           9. The purported purpose of the offerings is to provide “lump sum” payments to retiring  
2 United States military personnel or veterans (“pensioners”), in exchange for some of their periodic  
3 pension payments to be received from their lifelong pension. SICo represented to investors that this  
4 was an “opportunity to own a cash stream of payments generated from U.S. military service persons’  
5 government pensions.” Pension Funding would purchase future military pension payments in  
6 exchange for an upfront lump sum payment to the pensioners.

7           10. According to SICo, an “investor receives maximum safety through this program.”  
8 According to Fite, an investment in SICo is zero risk and has an eight percent (8%) return for eight  
9 (8) years with a minimum investment of \$50,000.

10           11. In connection with the offer or sale of these securities, SICo, Covey, Steinberg and Fite  
11 made the following material misrepresentations and omissions:

- 12           a. Covey was convicted of one count of felony bank fraud, in 1994. Covey was found guilty  
13 of knowingly and willfully aiding and abetting the execution of a scheme to obtain  
14 moneys, funds, credits, assets and securities under the custody and control of a federally  
15 insured bank by means of false and fraudulent pretenses, representations and promises.
- 16           b. In July 1997, the U.S. District Court for the Central District of California entered a  
17 permanent injunction, enjoining Fite from directly or indirectly, cheating or defrauding or  
18 attempting to cheat or defraud in connection with an offer or sale of any commodity for  
19 future delivery.
- 20           c. In 2005, the pensioners filed a class action lawsuit against SICo, Covey and Steinberg for  
21 engaging in the business of entering into unfair and unlawful loan transactions.
- 22           d. An investment in SICo is zero risk.
- 23           e. A portion of the pensioners’ gross monthly payments were “to be set aside to cover  
24 unexpected, unknown, or unanticipated events that would cause any interruption in the  
25 anticipated cash stream.” This “reserve has been accumulating from inception, and  
26 provides the foundation for the company to expect, with high certainty, to meets its  
27 anticipated payment projections to its investors.” Instead, in 2009, SICo stopped making  
28 distributions to its investors. Falsely blaming the California Department of Corporations

1 (“Department”) for failure to make the distributions to the investors, on December 14,  
2 2009, Covey sent an email to some investors falsely alleging that the Department  
3 prohibited SICo from making “for the time being, our usual electronic distributions to our  
4 clients” or receiving additional funds into SICo’s investment program. At the time, the  
5 Department had not prohibited SICo from making distributions to its investors, and had  
6 not prohibited SICo from receiving additional funds into its investment program.

7 12. In connection with the offer and sale of these securities, SICo, Covey, and Steinberg made  
8 the following material misrepresentation: prior to making his investment, an investor asked Covey  
9 about whether there were any lawsuits filed against SICo. Covey on numerous occasions assured the  
10 investor that there were no lawsuits filed against SICo. Contrary to Covey’s denials, a class action  
11 lawsuit had been filed, in 2005, by the pensioners against SICo, Covey and Steinberg. At the time  
12 Covey made the misrepresentation, Covey knew about the said lawsuit.

13 Based upon the foregoing, the California Corporations Commissioner is of the opinion that  
14 Structured Investments Co., LLC, Steven P. Covey, Ronald P. Steinberg, and Andre D. Fite offered or  
15 sold securities by means of oral and written communications including untrue statements of material  
16 facts and omissions of material facts necessary in order to make the statements made, in the light of  
17 the circumstances under which they were made, not misleading, in violation of section 25401 of the  
18 Corporate Securities Law of 1968.

19 Pursuant to section 25532 of the Corporate Securities Law of 1968, Structured Investments  
20 Co., LLC, Steven P. Covey, Ronald P. Steinberg, and Andre D. Fite are hereby ordered to desist and  
21 refrain from offering or selling or buying or offering to buy any securities in the State of California,  
22 including, but not limited to membership interests in limited liability companies, by means of any  
23 written or oral communication which includes an untrue statement of a material fact or omits to state  
24 a material fact necessary in order to make the statements made, in the light of the circumstances  
25 under which they were made, not misleading.

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1           This Order is necessary, in the public interest, for the protection of investors and consistent  
2 with the purposes, policies, and provisions of the Corporate Securities Law of 1968.

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4 Dated: May 13, 2011  
5 Los Angeles, California

PRESTON DuFAUCHARD  
California Corporations Commissioner

6  
7 By \_\_\_\_\_  
8 ALAN S. WEINGER  
9 Deputy Commissioner  
10 Enforcement Division  
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